

HEARING DATE AND TIME: June 30, 2011 at 10:00 a.m. (Eastern Time)  
RESPONSE DEADLINE: June 15, 2011 at 4:00 p.m. (Eastern Time)

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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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**In re:** :  
LEHMAN BROTHERS HOLDINGS, : Case No. 08-13555 (JMP)  
INC., et al., : (Jointly Administered)  
Debtors. :  
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**RESPONSE OF GLITNIR BANKI HF.  
TO DEBTORS' ONE HUNDRED FORTIETH OMNIBUS OBJECTION  
TO CLAIMS (DUPLICATIVE OF INDENTURE TRUSTEE CLAIMS)**

The Winding-up Board (the “Winding-Up Board”) of Glitnir banki hf. f/k/a Islandsbank hf. (“Glitnir”), in its capacity as the duly appointed foreign representative (the “Foreign Representative”) of Glitnir<sup>1</sup>, which is the subject of a court-supervised winding-up proceeding in Iceland (the “Winding-up Proceeding”), by and through its undersigned counsel below, hereby submits this response (the “Response”) to the Debtors’ One-Hundred Fortieth Omnibus Objection to Claims (Duplicative of

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<sup>1</sup> On March 18, 2011, the Bankruptcy Court for the Southern District of New York entered the *Amended Order Recognizing Foreign Main Proceeding of Glitnir Banki Hf., and Granting Permanent Injunction*, 08-14757 (SMB) [D.I. 74] recognizing the Winding-up Board as Glitnir’s duly authorized representative in the United States.

Indenture Trustee Claims) [D.I. 16853] (the “Objection”) as it relates to Claim No. 27419 (the “LBHI Claim”) filed by Glitnir in these chapter 11 cases.

The LBHI Claim arises out of Glitnir’s purchase of \$3,000,000 face amount of Floating Rate Mandatory Capital Advantaged Preferred Securities (“MCAPS”) issued by the Debtor pursuant to the Prospectus Supplement dated May 8, 2007.

The Objection states that the LBHI Claim is substantively duplicative of U.S. Bank claim No. 31038 (the “U.S. Bank Claim”) and accordingly asks this Court to disallow and expunge the LBHI Claim. Glitnir does not object to the requested relief, *provided that* the U.S. Bank Claim is allowed in its entirety.

In further support of this Response, Glitnir states as follows:

#### **BACKGROUND**

1. Prior to October 2008, Glitnir was a full-service bank, incorporated in Iceland. It provided corporate banking, investment banking, capital markets, investment management and retail banking services to a broad range of customers. Due to an unprecedented economic crisis in Iceland, on October 7, 2008, the Financial Supervisory Authority of Iceland took control of Glitnir and appointed a resolution committee to oversee the reorganization of Glitnir. Subsequently, on January 7, 2009, the Bankruptcy Court for the Southern District of New York entered the Order Recognizing Foreign Main Proceeding of Glitnir Banki hf., and Granting Permanent Injunction [D.I. 20] in Glitnir’s chapter 15 proceedings.

2. In or about May 2007, Glitnir purchased \$3,000,000 face amount of MCAPS issued by the Debtor pursuant to the Prospectus Supplement, dated May 8, 2007, to the preliminary prospectus, also dated May 8, 2007, of LBHI and Lehman

Brothers Holdings Capital Trust VII included in Post-Effective Amendment No. 3 to LBHI's Registration Statement on Form S-3 (Reg. No. 333-134553).

3. LBHI filed a petition commencing its chapter 11 case on September 15, 2008.

4. Pursuant to the July 2, 2009 bar date order (the "Bar Date Order") entered in these cases, on September 22, 2009, Glitnir timely filed the LBHI Claim.

5. On May 16, 2011, the Debtors filed the Objection.

6. By the Objection, the Debtors seek to disallow and expunge the LBHI Claim in its entirety on the basis that it is substantively duplicative of the U.S. Bank Claim. Specifically, the Debtors state that LBHI and U.S. Bank, as successor trustee to Chemical Bank, entered into an indenture on February 1, 1996 (the "U.S. Bank Indenture"). (Objection at ¶ 14). The terms of the U.S. Bank Indenture authorize the indenture trustee to file a proof of claim on behalf of all holders of Debentures issued under the U.S. Bank Indenture. (Id.). On September 22, 2009, U.S. Bank filed proofs of claim (Claim Nos. 30871 and 31038) on behalf of itself and the holders of the Debentures issued under the U.S. Bank Indenture.

#### **RESERVATION OF RIGHTS**

7. Glitnir does not object to the requested relief *provided that* the U.S. Bank Claim is allowed in full.

8. Furthermore, to the extent the Debtors file any objections to the U.S. Bank Claim, Glitnir reserves its right to be heard in response.

9. Nothing in this Response shall be deemed a waiver, and Glitnir reserves in all respects its rights, privileges and remedies under the U.S. Bank Indenture, Prospectus Supplement and any related documents or applicable law.

**REQUEST FOR RELIEF**

WHEREFORE, for the reasons set forth herein, Glitnir respectfully requests this court: (i) grant Glitnir the right to be heard on any objections filed to the U.S. Bank Claim; and (ii) grant such other relief as this court deems just and proper.

Dated: June 15, 2011  
New York, New York

THE FOREIGN REPRESENTATIVE OF  
GLITNIR BANKI HF.,

By its attorneys:

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